### GOVERNMENT OF THE VIRGIN ISLANDS

## OF THE

#### UNITED STATES

#### PUBLIC SERVICES COMMISSION

In re	)	Docket No. 289
	)	Order No.02 /2012
LEVELIZED ENERGY ADJUSTMENT CLAUSE	)	
OF THE VIRGIN ISLANDS WATER AND POWER	)	
AUTHORITY	)	
	)	

## **ORDER**

WHEREAS, on September 2, 2011, the Virgin Islands Water and Power Authority (hereinafter, "WAPA" or the "Authority") filed a petition with the Virgin Islands Public Services Commission (hereinafter, "PSC" of the "Commission") seeking to decrease the Levelized Energy Adjustment clause ("LEAC") electric factor from \$0.360676/kWh to \$0.359866/kWh for the period of October 1, 2011 to December 31, 2011; and

WHEREAS, on September 21, 2011, the Authority submitted an amended petition to the Commission seeking a further decrease in the electric LEAC factor to \$0.352209/kWh; and

WHEREAS, the Commission, through its staff and consultants, conducted a thorough review, conducted discovery, held meetings with the executive management of the Authority concerning the proposed water LEAC rate and submitted a report to the Commission on September 27, 2011; and

WHEREAS, the Commission Staff and the Authority Management identified the current maintenance status of the Authority's generation equipment as a critical factor in the current inefficiency and unreliability of the Authority's electric service and increased cost of operations; and

WHEREAS, the Commission Staff and the Authority Management negotiated and submitted a Temporary Emergency Generation, Maintenance Management and Efficiency Improvement Stipulation to improve the both efficiency and reliability, which should result in a net reduction in costs within the next two quarters; and

WHEREAS, on September 27, 2011, the Commission met in a duly noticed special session at the Board of Education Conference Room located at No. 8 Estate Ross, Barbel Plaza South, St. Thomas, U.S. Virgin Islands; and

WHEREAS, having considered the petitions of the Authority, reports submitted by its staff and consultants, proposed stipulation and the testimony of the parties and interested members of the public, upon review and deliberation,

# **NOW THEREFORE**, it is hereby:

- 1. **Ordered** that the Commission accepts and adopts the findings and recommendations of the Report on October 2011 LEAC, dated September 27, 201; and it is further
- 2. **Ordered** that the Commission approves the Temporary Emergency Generation, Maintenance Management and Efficiency Improvement Stipulation, dated as of September 27, 2011; and it is further
- 3. **Ordered** that the Commission approves for the period of October-December 2011 an electric system LEAC of \$0.352209 per kilowatt/hour; and it is further
- 4. **Ordered** that the Commission approves a rate mechanism of \$0.023 (2.3¢/kWh) for inclusion on bills beginning in January 2011, and that the Commission shall approve an appropriate mechanism for the recovery of this rate prior to January 1, 2011; and it is further
- 5. **Ordered** that the Commission will establish a new docket to adjust the LEAC for the Water Department, due to the conversion of WAPA's water production facilities from IDE/Steam to Reverse Osmosis plants.

So Ordered.

Dated: October 10/25 2011

For Commission